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Why do so many advisors lack estate plans?
By Rob Burgess
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As most Americans lack an estate plan, financial planning professionals routinely recommend that clients create them.

However, a substantial percentage of financial advisors lack these plans themselves.

A recent survey of 280 financial advisors from the online estate platform Trust & Will found that while almost all, 98%, believed in encouraging them, 25% of those polled had no plan in place for themselves.

During the annual National Estate Planning Awareness Week from Oct. 21 to 23, financial advisors weighed in on why this disparity exists and what can be done about it.

A matter of time and age
The typical reasons for putting off an estate plan or creating a will are all too familiar, said Carman Kubanda, a financial planner with Innovative Wealth Building in California, Maryland. They're either too busy, lazy, procrastinating or find the topic uncomfortable.

"Advisors often can fall into the same traps and patterns they are coaching clients out of," he said. "I had been helping with estate planning for two years before I got around to doing it for my own family."

Even though many advisors do not have an estate plan in place, 75% do, which is a great deal more than the general public, of which only around one-third do. Another factor to consider is that advisors may tend to be a bit younger than the clients they serve, said Gordon Achtermann, founder of Your Best Path Financial Planning in Fairfax, Virginia.

"I don't think the numbers are surprising given that most, but not all, people don't need a formal estate plan until they get married or have children," he said.

Curtis Westrich, founder and lead planner of Providers Wealth in Phoenix, said he also fell into this category earlier in his career. He said he and his spouse had a simple balance sheet, didn't yet own a home and their life insurance and brokerage and retirement accounts all had designated beneficiaries.

"Not a lot of complexity," he said. "Because we didn't have children, we couldn't justify spending roughly $4,000 on a good, formal estate plan while saving for the house."

That all changed when they became parents, though, Westrich said.

"Once our first child was on the way, we had a formal estate plan built out by an estate attorney and revised again after the second," he said. "There was a complexity threshold — minor children in our case — and once we were over it, we decided it must be done."

To explain the root of the issue, Julie Williams, senior vice president at Wealthspire Advisors in Delafield, Wisconsin, invoked the well-worn idiom, "The cobbler's children have no shoes."

"Like the cobbler, financial advisors know what they should do, and after spending their days with their clients' needs, they don't prioritize their own needs," she said. "It took me five years, and experiencing family health crises with and without documents in place, to prioritize getting my documents prepared. And the experience of doing it myself has helped me to help others through the process."

Advisors are human, too

Many, if not most, financial advisors come from a world of cold numbers and dry rules about taxation and laws, said Dale Hershman, principal at Sick Advisory Services in Boca Raton, Florida.

"In that aspect, they may be very well equipped to advise others, or even advise themselves, on estate planning so that hard-won assets can be preserved and optimized for heirs," he said. "However, at least 50% of estate planning deals with that most deep, most dark, most secretive aspect of each human being: our feelings. Not facts, feelings."

Some people find it very hard to even contemplate human mortality, much less talk about death out loud, said Hershman.

"Even tougher, lots of people harbor unseemly thoughts and feelings about their own families," he said. "It's tough talking about death, and even tougher admitting out loud that, no, you might not want your assets split evenly, your wife could remarry, your adult children could use your money for purposes that you despise. These are the tough topics that swirl around estate planning; but without a clear understanding and communication of these thoughts and feelings, even the most knowledgeable advisor would not know how to plan."

Jason Gilbert, founder and managing partner at RGA Investment Advisors in Great Neck, New York, said some advisors may hesitate to create their own plans due to the complexities and emotional weight tied to these decisions.

"However, through my planning journey, I've adopted best practices that allow me to help clients avoid common pitfalls," he said. "For instance, I've developed templates that help organize and clarify the flow of all assets and a methodology

that simplifies communicating those intentions to estate planning attorneys. This not only streamlines the process but ensures a more consistent and organized approach."

You can't drive the car well if you haven't decided what your end destination will be, said Hershman.

"Fear of mortality and unhappy thoughts about family can be so painful, so deeply and secretly held, that many people, even highly educated people, just can't face them," he said. "Thus, they choose to avoid the tough topics altogether, and the end result is no estate plan. No doubt every financial advisor has encountered such situations. As advisors themselves are human, even they may be unable to face the roughest realities head-on. So, they choose avoidance."

What can be done?
Aligning what advisors instruct their clients to do with what they do themselves is an essential part of the job, said Gilbert.

"Ultimately, the industry can do more to support advisors by emphasizing the importance of practicing what we preach and equipping us with tools that make estate planning both accessible and comprehensive," he said.

Westrich said having continuing education credits to this topic would be a "great start."

"Courses where an estate attorney goes through what the process looks like if you were their client would also be informative," he said.

If the industry wants to get serious about this issue, Achtermann said anyone with a license to sell securities or insurance shouldn't automatically be able to call themselves a "financial advisor."

"This is the heart of the problem," he said. "Real planners do a far better job walking the talk on estate planning, but there is no definition of 'financial advisor' or 'financial planner.'"